

FISCAL NOTE

Bill #: HB 678

Title: Revise distribution of revenue to local government

Primary

Sponsor: Robert Story Jr.

Status: Third Reading as Amended

Sponsor signature	Date	Dave Lewis, Budget Director	Date
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Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	\$25,324,453	\$47,720,824
State Special	9,279,000	19,452,000
Revenue:		
State Special	1,387,179	3,272,653
Net Impact on General Fund Balance:	(\$25,324,453)	(\$47,720,824)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

General

1. This fiscal note estimates the costs of the reimbursement prescribed in HB678. Since it replaces reimbursements prescribed in HB128, HB174, SB184, SB200 and SB260 the fiscal impact shown on the fiscal notes for those bills would be reduced.
2. HB108 is replaced by SB184 in HB678.
3. The following tax bills pass the legislature and are signed into law: HB128, HB174, SB184, SB200, and SB260. HB678 replaces the local government reimbursement sections of HB128, HB174, SB200, and SB260. SB184 currently provides no reimbursement to local governments.

County Governments, Cities, and Towns

4. The Reimbursement for FY00 is calculated using FY98 as the base year to calculate property tax losses, then multiplying by 102.25%.
5. Reimbursement for FY01 is calculated using FY99 as the base year to calculate property tax losses, then multiplying by 102.25%.

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6. GTB impacts due to tax valuation losses of the five bills will be offset by the GTB reimbursement mechanism in this proposal.
7. Reimbursements to local governments and schools will hold mill levies relatively proportional, thereby not affecting non-levy revenue distributions.
8. In HB678 the SB184 mill levies are not adjusted to “float” across all property classes, as in the current version of SB184. The local government reimbursement will be \$7,001,484 in FY00 and \$7,239,534 in FY01. Reimbursement to cities and towns will be \$3,799,514 in FY00 and \$3,928,697 in FY01.
9. In HB678, HB128 reimbursement will begin in FY01. Reimbursement for HB128 property tax losses to county governments will be \$5,324,191 in FY01 and for cities and towns will be \$1,571,320 in FY01.
10. In HB678, HB174 reimbursement will begin in FY01. Reimbursement for HB174 property tax losses to county governments will be \$761,869 in FY01 and for cities and towns will be \$90,170 in FY01.
11. In HB678, reimbursement for SB200 property tax losses to county governments will be \$558,200 in FY00 and \$2,652,338 in FY01 and for cities and towns will be \$164,741 in FY00 and \$782,780 in FY01.
12. In HB678, reimbursement for SB260 property tax losses to county governments will be \$2,195,383 in FY00 and \$5,174,051 in FY01 and for cities and towns will be \$658,506 in FY00 and \$1,504,297 in FY01.

School District General Fund, Other School Funds, County Retirement and County Transportation

13. Reimbursement for FY00 to local school district general fund, other school funds, county retirement and county transportation will be calculated using FY98 as the base year to calculate property tax losses.
14. Reimbursement for FY01 to local school district general fund, other school funds, county retirement and county transportation will be calculated using FY99 as the base year to calculate property tax losses.
15. In HB678 the SB184 levies are not adjusted to “float” across all property classes, reimbursement for the local school general fund will be \$10,374,473 in FY00 and \$10,727,205 in FY01. Reimbursement to other school funds will be \$2,689,333 in FY00 and \$2,780,770 in FY01. SB 184 reimbursement for property tax losses to county retirement funds will be \$2,399,801 in FY00 and \$2,481,394 in FY01. SB184 reimbursement for property tax losses to county transportation funds will be \$379,748 in FY00 and \$392,659 in FY01.
16. In HB678, HB128 reimbursement will begin in FY01. Reimbursement in FY01 for HB128 property tax losses will be: \$5,413,317 to local school general funds; \$1,390,349 to other local school funds; \$1,279,001 to county retirement funds; and \$202,226 to county transportation.
17. In HB678, HB174, reimbursement will begin in FY01. Reimbursement in FY01 for HB174 property tax losses will be: \$900,663 to local school general funds; \$127,519 to other local school funds; \$248,034 to county retirement funds; and \$46,532 to county transportation funds.
18. In HB678, reimbursement for SB200 property tax losses to local school general funds will be \$567,544 in FY00 and \$2,696,738 in FY01, to other local school funds will be \$145,767 in FY00 and \$692,626 in FY01, to county retirement funds will be \$134,093 in FY00 and \$637,157 in FY01 and to county transportation funds will be \$21,202 in FY00 and \$100,742 in FY01.
19. In HB678, reimbursement for SB260 property tax losses to local school general funds will be \$2,299,296 in FY00 and \$5,252,529 in FY01, to other local school funds will be \$574,824 in FY00 and \$1,313,132 in FY01, to county retirement funds will be \$550,979 in FY00 and \$1,258,662 in FY01 and to county transportation funds will be \$88,565 in FY00 and \$202,320 in FY01.

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20. The following table displays the reimbursement schedule established by this proposal to the county government funds, cities and towns, local school general funds, other local school funds, county retirement funds and county transportation funds. The table includes SB184 under the scenario where mills don't float (see technical notes for costs if SB184 mills were allowed to "float").

FY2000 - (SB184 w/ mills that don't float)							
							Total Local Gov
Bill Number	County Gov	County Ret	County Trans	Cities/Towns	School GF	Schools Other	and Schools
SB184	(7,001,484)	(2,399,801)	(379,748)	(3,799,514)	(10,374,473)	(2,689,333)	(26,644,353)
HB128	0	0	0	0	0	0	0
HB174 (3rd reading)	0	0	0	0	0	0	0
SB200 (Governor amended)	(558,200)	(134,093)	(21,202)	(164,741)	(567,544)	(145,767)	(1,591,547)
SB260 (1.4%) - signed	(2,195,383)	(550,979)	(88,565)	(658,506)	(2,299,296)	(574,824)	(6,367,553)
Subtotal	(9,755,067)	(3,084,873)	(489,515)	(4,622,761)	(13,241,313)	(3,409,924)	(34,603,453)
FY2000 - (SB184 w/ mills that don't float)							
							Total Local Gov
Bill Number	County Gov	County Ret	County Trans	Cities/Towns	School GF	Schools Other	and Schools
SB184	(7,239,534)	(2,481,394)	(392,659)	(3,928,697)	(10,727,205)	(2,780,770)	(27,550,261)
HB128	(5,324,191)	(1,279,001)	(202,226)	(1,571,320)	(5,413,317)	(1,390,349)	(15,180,403)
HB174 (3rd reading)	(761,869)	(248,034)	(46,532)	(90,170)	(900,663)	(127,519)	(2,174,787)
SB200 (Governor amended)	(2,652,338)	(637,157)	(100,742)	(782,780)	(2,696,738)	(692,626)	(7,562,381)
SB260 (1.4%) - signed	(5,174,051)	(1,258,662)	(202,320)	(1,504,297)	(5,252,529)	(1,313,132)	(14,704,991)
Subtotal	(21,151,984)	(5,904,248)	(944,480)	(7,877,264)	(24,990,451)	(6,304,397)	(67,172,823)

State Special Revenue

21. Reimbursement to the 6-mill levy account due to this proposal is \$866,987 in FY00 and \$2,045,408 in FY01.
22. Reimbursement to the 9-mill levy account due to this proposal is \$520,192 in FY00 and \$1,227,245 in FY01.
23. The following table displays the reimbursement schedule established by this proposal to the state special revenue account broken out by the impact of each of the five bills.

FY2000			
Bill Number	6 Mills Portion	9 Mills Portion	State Special Revenue
SB184	(436,505)	(261,903)	(698,407)
HB128	-	-	0
HB174 (3rd reading)	-	-	0
SB200 (Governor amended)	(33,933)	(20,360)	(54,292)
SB260 (1.4%) - signed	(396,550)	(237,930)	(634,479)
Subtotal	(866,987)	(520,192)	(1,387,179)
FY2001			
Bill Number	6 Mills Portion	9 Mills Portion	State Special Revenue
SB184	(511,056)	(306,633)	(817,689)
HB128	(287,121)	(172,272)	(459,393)
HB174 (3rd reading)	(247,936)	(148,762)	(396,698)
SB200 (Governor amended)	(157,686)	(94,612)	(252,298)
SB260 (1.4%) - signed	(841,609)	(504,965)	(1,346,574)
Subtotal	(2,045,408)	(1,227,245)	(3,272,652)

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24. It is assumed that state general fund and the telecommunication tax account established in SB128 are used to pay for the reimbursements.
25. The revisions to current personal property tax reimbursements will not change the amount distributed under current law though the the school portions will be reimbursed directly to schools. Since there is no change in total amount reimbursed the amounts are not shown in the fiscal note.

FISCAL IMPACT:

	FY2000 <u>Difference</u>	FY2001 <u>Difference</u>
<u>Expenditures:</u>		
Local Assistance – School BASE aid	\$16,326,186	\$30,894,699
Local Assistance – School Transportation	489,515	944,480
Local Assistance – School Block Grants	3,409,924	6,304,397
Local Assistance – Property tax reimbursements	<u>14,377,828</u>	<u>39,029,248</u>
Total	\$34,603,453	\$67,172,824

Funding:

General Fund (01)	\$25,324,453	\$47,720,824
State Special – Telecom. Excise acct	<u>9,279,000</u>	<u>19,452,000</u>
Total	\$34,603,453	\$67,172,824

Revenue:

State Special (02) – 6-mill levy	866,987	2,045,408
State Special (02) – 9-mill levy	<u>520,192</u>	<u>1,227,245</u>
Total	1,387,179	3,272,653

Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	(\$25,324,453)	(\$47,720,824)
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. HB678 provides for continued reimbursements to county governments, cities and towns in future years at FY01 levels (FY99 tax loss) plus 1.5%.
2. HB678 provides for continued reimbursements to local school general funds, local school other funds, county retirement funds and county transportation funds.

LONG-RANGE IMPACTS:

1. HB678 provides for reimbursements to county governments, cities and towns for an unspecified number of future years. This long-term reimbursement schedule will incur significant long-range impacts not exceeding the FY01 reimbursement level plus 1.5%.
3. HB678 provides for reimbursements to local school general funds, local school other funds, county retirement funds and county transportation funds for an unspecified number of future years. This long-term reimbursement schedule will incur significant long-range impacts.

TECHNICAL NOTES:

1. Reimbursements based on SB184 and SB200 are held constant for FY01 and beyond at FY99 property tax losses without regard to the fact that these bills may change significantly in future years.

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2. Section 12 provides for reimbursement based on the statewide reduction in school district revenue for FY98 that all school districts would have received. However this section is not clear whether the revenue losses for FY98 should be the basis for reimbursement in FY00 and all succeeding years or whether the basis for reimbursement should be changed in succeeding years.
3. Section 15 provides for reimbursement based on the statewide reduction in county revenue in the countywide transportation fund for FY98 and each succeeding fiscal year. This seems to be inconsistent with the instructions for future year reimbursement in section 12.
4. HB678 does not strike the sections of HB128 that set up the special revenue account to pay for reimbursement of HB128. As a result we assume the statutory appropriation for reimbursements includes the funds contained in this account.
5. There is no mention in HB678 of the source of funds to pay the reimbursements.
6. The following table displays the reimbursement schedule established by this proposal to the county government funds, cities and towns, local school general funds, other local school funds, county retirement funds and county transportation funds. The table includes SB184 under the scenario where mills “float”.

FY2000 - (SB184 w/ Floating mills)							
Bill Number	County Gov	County Ret	County Trans	Cities/Towns	School GF	Schools Other	Total Local Gov and Schools
SB184 -	0	0	0	0	0	0	
HB128	0	0	0	0	0	0	
HB174 (3rd reading)	0	0	0	0	0	0	
SB200 (Governor amended)	(558,200)	(134,093)	(21,202)	(164,741)	(567,544)	(145,767)	(1,591,54)
SB260 (1.4%) - signed	(2,195,383)	(550,979)	(88,565)	(658,506)	(2,299,296)	(574,824)	(6,367,55)
Subtotal	(2,753,583)	(685,072)	(109,767)	(823,247)	(2,866,840)	(720,591)	(7,959,10)
FY2001 - SB184 w/ Floating mills							
Bill Number	County Gov	County Ret	County Trans	Cities/Towns	School GF	Schools Other	Total Local Gov and Schools
SB184	0	0	0	0	0	0	
HB128	(5,324,191)	(1,279,001)	(202,226)	(1,571,320)	(5,413,317)	(1,390,349)	(15,180,40)
HB174 (3rd reading)	(761,869)	(248,034)	(46,532)	(90,170)	(900,663)	(127,519)	(2,174,78)
SB200 (Governor amended)	(2,652,338)	(637,157)	(100,742)	(782,780)	(2,696,738)	(692,626)	(7,562,38)
SB260 (1.4%) - signed	(5,174,051)	(1,258,662)	(202,320)	(1,504,297)	(5,252,529)	(1,313,132)	(14,704,99)
Subtotal	(13,912,449)	(3,422,853)	(551,821)	(3,948,566)	(14,263,246)	(3,523,627)	(39,622,56)